

CHAPTER 10

INFORMATION RETURNS - FORM 1099

1001 GENERAL. Requirements established by the Internal Revenue Service (IRS) are normally not addressed in this Regulation. However, the requirements for Information Returns are included because of difficulties encountered in their implementation.

1002 PURPOSE

100201 Statutory requirements for Information Returns are contained in 26 U.S.C. 6001. Detailed guidance for using the multipurpose Forms 1099 is contained in IRS publication "Instructions for Forms 1099, 1098, 5498, 1096, and W-2G." For instance, Form 1099-MISC, "Miscellaneous Income," is used to report by recipient those payments for services accumulating to \$600 or more for the calendar year. Recipients include individuals (other than employees), sole proprietorships, partnerships, and all providers of medical or health care services, or engaged in the billing and collection for such services. The latter category includes physicians and physicians' corporations. The Department is not required to report payments to any corporation other than those providing medical or health care services, or engaged in the billing and collection for such services.

100202 Forms 1099 are also used to report discharges of indebtedness, payments of interest, and total distributions of survivor benefits. Figure 10-1 summarizes the use of Forms 1099 applicable to the Department of Defense.

1003 APPLICABILITY AND SCOPE.

100301 The Information Return requirements of this chapter apply to all DoD disbursing offices performing those functions referred to in paragraphs 100201 and 100202 above.

100302 It is the responsibility of the office administering the action that gives rise to the entitlement to collect the Taxpayer Identification

Number (TIN) and provide it to the disbursing office. For example, it is the responsibility of the contracting office to obtain the TIN from applicable contractor at the time a contract is awarded. The contracting office must provide the TIN and identify whether or not the contractor is subject to Form 1099 reporting requirements.

100303 It is the responsibility of each functional manager with responsibility for an entitlement determinations process or system to ensure that Form 1099 applicable payments and the associated TINs are specifically identified to the disbursing office. This included the identification of payments subject to withholding because a required TIN has not been provided.

100304 Detailed guidance for applicability of Forms 1099 reporting are found in the following in this Regulation:

A. Form 1099-C, "Canceled debt" Volume 5, Chapter 31.

B. Form 1099-INT, "Statements for Recipient of Interest Income". Volume 5, Chapter 23.

C. Form 1099-MISC, "Statement of Receipts of Miscellaneous Income," Volume 8 Chapters 1, 3, and 7; Volume 10, Chapter 6; and Volume 13, Chapter 7.

D. Form 1099-R, "Statement of Receipts of Total Distributions from Profit Sharing, Retirement Plans, Individual Retirement Arrangements, Insurance Contracts, etc." Volume 7B, Part Nine, Chapter 11.

E. Withholding requirements associated with the failure of an applicable contractor to provide the require TIN Volume 10, Chapter 6.

1004 REPORT FORMAT

100401 Forms 1099 shall be prepared and reported electronically on magnetic tape, diskette, cassette or minidisk, when such reporting capability exists. The detailed formats and procedures for electronic media reporting are obtainable directly from IRS centers and district offices.

100402 When the capability for electronic media reporting does not exist, or the number of reports to be filed is so small that using electronic media cannot be justified, paper Forms 1099 shall be used. IRS will accept paper Forms 1099 for the noncomputerized portion of a disbursement operation along with electronic media records for the computerized portion.

100403 Form 1096, "Annual Summary and Transmittal of U.S. Information Returns," shall be prepared and submitted to IRS as the transmittal document for Forms 1099.

1005 FREQUENCY AND DISTRIBUTION.

Form 1099 shall be furnished when the contract or order for service is completed, unless contract disbursements extend over a calendar year. In this case, a Form 1099 shall be furnished for payments made in the calendar year. See the IRS publication "Instructions for Forms 1099, 1098, 5498, 1096, and W-2G" for detailed instructions for the distribution of Forms 1099.

1006 PREPARATION INSTRUCTIONS.

100601 Preparation guidelines for Forms 1099 are prescribed in the IRS publication entitled "Instructions for Forms 1099, 1098, 5498, 1096, and W-2G."

100602 The taxpayer identification number TIN is required to be shown on Forms 1099. For an individual, or an individual operating a business as a sole proprietorship, the TIN is the taxpayer's social security number. For all others, it is the taxpayer's employer identification number. If a TIN is not furnished, IRS Circular E, "Employer's Tax Guide," requires the Department of Defense to withhold 31 percent of payment for services.

FORM NUMBER	TITLE	WHAT TO REPORT (EXAMPLES)	AMOUNT TO REPORT (CAL YEAR)	DUE DATE TO RECIPIENT	DUE DATE TO IRS
1099-C	Statement for Recipients of Canceled Debts	Discharge of indebtedness.	Total	January 31	February 28
1099-INT	Statement for Recipients of Interest Income	Payment of interest.	\$10 or more	January 31	February 28
1099-MISC	Statement for Recipients of Miscellaneous Income	<p>Payment to other than employees (e.g. suppliers or vendors) for services rendered. This includes payment to a physician, a physicians' corporation or other supplier of health and medical services.</p> <p>Amount of backup withholding.</p> <p>Payment of Rent.</p> <p>Payment of royalty.</p> <p>Payment of prizes and awards that are not for services rendered.</p>	\$600 or more	January 31	February 28
1099-R	Statement for Recipients of Total Distributions From Profit Sharing, Retirement Plans, Individual Retirement Arrangements, Insurance Contracts, Etc.		Total distribution regardless of amount	January 31	February 28